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# The Discovery of the Consumer

By Mrs. SIDNEY WEBB

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Self and Society Booklets. No. 3.

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#### SELF AND SOCIETY.

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#### THE CONTRIBUTORS.

Mrs. Sidney Webb, the daughter of a railway magnate, investigated social conditions for herself, to the extent of getting a job in the East End as a trouser hand, some years before she married, as Miss Beatrice Potter, "the predominant partner in the firm of Webb." Her profoundly impressive autobiography, "My Apprenticeship," records this formative period, and also her discovery of the consumer, the importance of which the subsequent municipal researches of her husband and herself have fully confirmed.

SELF AND SOCIETY

# The Discovery of the Consumer

by Mrs. Sidney Webb

*Author of "My Apprenticeship," "The Co-operative Movement in Great Britain," "The English Poor Law—Will it Endure?" etc. Joint-author of "The History of Trade Unionism," "Industrial Democracy," "English Local Government," "The Prevention of Destitution," "The Consumers' Co-operative Movement," etc.*

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# The Discovery of the Consumer

¶ If we look at the various forms in which human beings have deliberately organised themselves in groups, large or small, whether in different countries at the present time, or at different periods throughout all history, we shall find the majority of these "societies," for the most part, fall into two great classes, according to the basis of association.

On the one hand are the Associations of Producers, in which, down all the ages, men have joined together because of fellowship aroused by the consciousness of a common profession or occupation. From the castes of India and the guilds of China, through the various forms of European guilds and companies in the Middle Ages—we may even include the local group of land occupiers or agriculturists that historians term the manor, and the analogous group of industrial and trading burgage-holders who constituted the early boroughs—down to the Trade Unions, the Employers' Associations, and such organised professions as the lawyers, doctors, teachers, and the innumerable technicians of the present day, we see bodies of men having a common vocation aggregating into more or less closely-knit groups which we nowadays recognise as Associations of Producers of particular services or commodities.

The other form of organisation, the Association of Consumers, appears to come later in social develop-

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ment than the Association of Producers. Its simplest and most conspicuous example is the Consumers' Co-operative Movement, which (though a few slightly older forerunners may be enumerated) is only about a century old. Analogous voluntary groupings are found in the Friendly Society and Building Society movements. There may be significance in the fact that during the same century in which these voluntary organisations of consumers have taken so great and so widespread a development, the compulsory organisation of citizens that we know as government has largely changed in form and in function, so as to approximate, more or less, to an Association of Consumers. When governments concerned themselves, almost exclusively, with national defence or international aggression, with legislative prescriptions and prohibitions, religious or secular, with the administration of justice, together with the levying upon the citizens of arbitrary taxation, it was not easy to class them as Associations of Consumers. In fact, many of the ancient states were very largely rooted in dominant vocational castes, such as hierarchies of priests and warriors.

But when, in a modern democratic state, the central government, carrying out the common will of the citizens, conveys their letters and parcels; transports their goods and themselves by railway, canal, or steamship; provides for them news and entertainment by "wireless"; supplies for them a thousand and one common requirements, from medical attendance at birth to burial at death,

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together with museums, libraries, picture galleries, music, and dramatic performances during life, the nation comes very near to becoming—at least so far as all these functions are concerned—an Association of Consumers. In Great Britain we see this most plainly in the part of the government that each locality conducts for itself. British Local Government, in its rebirth and vast expansion during the past century; with its gradual extension of its electorate so as to include all adult inhabitants; with its present development in the provision of dwellings, drinking-water and drainage; schools and hospitals and lunatic asylums; gas, electricity, and hydraulic power; transportation by tramways and omnibuses; and all the innumerable services on which the health, convenience, and enjoyment of urban life now depend, has become almost entirely a form of Association of Consumers, in which the grouping and the financial participation are obligatory on all those who reside within the particular area concerned.

I believe this distinction between the kinds of organisation—between Associations of Producers on the one hand and Associations of Consumers on the other—to be no idle fancy, but perhaps the most pregnant and important piece of classification in the whole range of sociology. Each of these forms has certain distinctive advantages and disadvantages. Each has its own peculiar effects on those who constitute its membership, and produces its own characteristic reactions in those who are outside it.

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Each is subject to its own specific diseases, and liable to its own inherent dangers. It is vital to our understanding of any part of social organisation that we should place it definitely in the category to which by its nature it belongs.

### Confusion of Aim.

Now, it is one of the outstanding characteristics of the Associations of Consumers that they have been started or devised in what might almost be termed absent-mindedness. The Co-operative Movement of Great Britain, the precursor and exemplar of consumers' co-operative movements throughout the world, is, to my mind, a startling instance of a mistaken goal, of intending one thing but achieving another. At the birth of the Movement at Rochdale in 1844, and for a whole generation after, what it purported to be was a means of obtaining for the workers in each industry the control over their own productive processes and their own industrial lives. According to the recorded aims and ideals of the founders of co-operative societies, and of the fervent propagandists by whom the co-operative faith was spread from town to town, what was desired and intended was a condition of "self-employment"—an organisation of industry in which the manual workers would be able to control the processes of their own industry, and to obtain for themselves the entire net product of their labours. And the faith in this ideal is easily explained. In the second quarter of the nineteenth century it seemed clear to the wage-earner himself

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and to the intellectuals concerned about the chronic penury and insecurity of the manual worker's lot in the midst of riches, that the misery had arisen from the divorce which the Industrial Revolution had brought about between the manual worker and the ownership alike of the instruments of production and of the product itself. Why, it was asked, should not this evil be undone and the land given back to the peasant cultivator and the tools again placed in the hands of the craftsman and his apprentice ?

Some such vision seems to have appeared to William Cobbett in the rare intervals when his mind passed from asserting political rights to considering the conditions of economic freedom. But anyone born and bred in a manufacturing district, whether employer or employed, was aware that, under the circumstance of the modern machine-industry, with its large establishments and sub-division of labour, this restitution could not be made to the individual worker; it had necessarily to be made to the group of workers in a particular workshop, factory, or mine, for them in concert to carry on their industry. Hence the conception of the "self-governing workshop," an ideal of surpassing attractiveness. To the workman it gave the feeling that he would be his own master; to the Conservative it seemed a reversion to the healthier conditions of a former time; to the Christian it seemed to substitute in industry the spirit of fellowship and mutual assistance for that of competitive selfishness. Even to the mid-Victorian political economist, with his apotheosis of pecuniary

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self-interest and his unbending faith in the struggle for existence, the self-governing workshop seemed the only practicable way of extending to all those who were co-operating in production the blessed incentive of "profit on price," and thus broadening the basis and strengthening the defences of an acquisitive society.

Now it was this fascinating conception of the self-governing workshop that was still wrapped round and round the Co-operative Movement when I first began studying it. To read the reports of the annual Co-operative Congresses between 1869 and 1887, one would imagine that it was this conception of industrial self-government that was the universally accepted goal of those who professed the co-operative faith. All the lecturers and writers on Co-operation, not only the little group of talented Christian Socialists led by F. D. Maurice, Charles Kingsley, J. M. Ludlow, Tom Hughes, and Edward Vansittart Neale, but also such distinguished political economists as John Stuart Mill, John Elliot Cairnes, and Alfred Marshall, held aloft, with more or less enthusiasm, the banner of self-employment by groups of working men, owning alike the instruments and the product of their labour, as the only practicable alternative to the "dictatorship of the capitalist." Nor was this notion confined to middle-class intellectuals. Had not the short-lived working-class movement of 1833-34, embodied in the "Grand National Consolidated Trades Union," proclaimed its intention of transforming each trade union into a national company, the agricultural

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union to take over the land, the miners' union the mines, the textile union the factories? The builders' union actually began, in 1834, the erection of a "Guildhall" at Birmingham, and was inviting orders for houses.

This syndicalist trade unionism crashed to the ground within a few months of its initiation. For another decade the pendulum swung in favour of political revolution. But in 1848 the collapse of the Chartist movement led to a revival of the plan of self-employment. Upon the inspiration of F. D. Maurice and under the direction of J. M. Ludlow, a whole litter of small self-governing workshops were started within the Metropolitan area, to be followed a few years later by a larger experiment in self-employment by the Amalgamated Society of Engineers. From that time onward there have appeared at Co-operative Congresses the representatives of a succession of co-operative productive societies, cropping up and dying down with disconcerting suddenness. After a succession of disastrous experiments\* by some of the richer and more powerful unions, trade union officials, whilst urging the co-operators to put in practice the faith they professed, politely refused to use their own societies' funds for the employment of their own members. For in spite of all the allurements of the self-governing

\* The last crop of these self-governing workshops—the builders', furniture-makers', and other guilds, initiated by the National Guilds League, 1919-20, and supported by a few of the trade unions—had equally disastrous results.

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workshop, whether it was deemed to be promoting the spirit of Christian fellowship among the workers, or stimulating their pecuniary self-interest, the ideal of the control of industry by the workers concerned had the supreme demerit *that it would not work*. Either the co-operative productive society failed after no very lengthy endurance, or it ceased, in one way or another, to be self-governing. At best, the concern was taken over by the Co-operative Wholesale Society or by a group of local consumers' co-operative societies; at worst, it petered out as an employer's profit-sharing scheme, with the workers excluded from any effective share in the management of the establishment in which they worked, whilst their trade union had been undermined; or it degenerated into the lowest type of modern industry—the small-master system, with its inevitable "sweating" of subordinate workers, these latter being habitually excluded from membership.

### **Mitchell, the Prophet.**

Meanwhile, there had arisen within the Co-operative Movement a new prophet—a prophet who, unlike most prophets, busied himself in carrying out his own prophecies. In Mr. Percy Redfern's interesting biography of J. T. W. Mitchell, we watch this somewhat uncouth personality, whilst devoting his whole energies to the practical business of building up the Co-operative Wholesale Society, hammering out the real meaning of the steadily growing co-operative enterprise that was, in these years, spreading to

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every corner of the kingdom. Let me give you, from the entries in my MS. diary of 1889, a description of Mitchell as he appeared to a young investigator, together with his declaration of faith—a declaration all the more effective because it was expressed in homely words and with the fervour of a fanatic.

“ Mitchell, chairman of the C.W.S.,” I write on March 21st, 1889, “ is one of the leading personalities in the Co-operative Movement . . . he is an enthusiast for the consumers’ interests—a sort of embodiment of the working-man customer, intent on getting the whole profit of production, out of the hands of the manufacturer and trader, for the consumer. . . . As the representative of the Wholesale, he is inspired by one idea—the enlargement and increased power of the organisation of which he is the head. He supports himself on the part proceeds of a small woollen business, and draws perhaps 30s. a week from the Wholesale, to which he devotes his whole energies. With few wants (for he is an old bachelor) he lives in a small lodging, eats copiously of heavy food, and drinks freely of tea—no spirits and no tobacco. Corpulent, with a slow, bumptious pronunciation of long phrases, melting now and again into a boyish *bonhomie*. . . . He is a good fellow, and in his inflated way a patriotic citizen, according to his own ideal—the consumers’ welfare.\* . . . .”

Six months later I am at the Ipswich Co-operative Congress, over which Professor Marshall, of Cambridge, presided, listening to Mitchell’s tea-table talk.

“ I was just telling the Professor my view of the true nature and real use of the great Co-operative Movement. What we want to do is to make the purchasing power of a man’s wage, whether received from us or from other employers—and, mind you (continued Mitchell, tapping me

\* MS. Diary, March 21st, 1889 (quoted in *My Apprenticeship*, by Beatrice Webb, 1926, pages 359–60).

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confidentially on the arm and lowering his voice), at present—I do not say what may happen in the future—at present the men we employ is a mere handful to those employed by private firms—well, what I was saying was (raising his voice so that all might hear) that our great object was to increase the purchasing power of all men's wages by returning the profits of trading and manufacturing into the consumers' pocket. Now, look you here, some people who don't understand say we are not just to labour. But I will take an actual case. We have made a profit of £50,000 on our productive works. Now who should that profit go to? To the thousand working men and working women who are already paid fair wages, and many of whom spend these very wages at private shops, or to the million working men and women who belong to our movement and who have given the capital and paid for the brains which have made these manufactures grow up around us? It seems to me," concluded Mitchell, raising his sonorous voice and thundering on the table with his fat fist, "It seems to me, and I am moreover prepared to maintain it on religious, social, and political grounds, that the Wholesale's method of organising production, combining as it does economy of capital, efficiency of administration, and regularity of demand, is the best possible system of Co-operation for the working man; and that if it is loyally supported and indefinitely extended it will solve all social problems, destroy poverty, eradicate crime, and secure the greatest happiness to the greatest number."\*

What Mitchell never managed to explain to the co-operative world was the successive stages in this momentous disclosure by the Rochdale Pioneers of the place of the consumer in the organisation of modern industry. These unlettered flannel weavers had unwittingly discovered, in the course of years, by the

\* MS. Diary, October, 1889 (quoted in *My Apprenticeship*, by Beatrice Webb, 1926, pages 368-9).

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method of trial and error, that the most essential element in the creation of "value" in the economic sense is neither labour nor capital, but the *correspondence* of the application of labour with some actually felt specific desire. They stumbled along slowly and painfully, and I doubt whether they themselves ever realised exactly where they were getting to. They began to sell groceries to themselves, partly to free themselves from the toils of "truck," but also with the idea of accumulating a capital fund from which they might realise their ideal of self-employment in flannel weaving, very much as the congregation of a chapel organises a bazaar to raise money for buying an organ. In order to attract purchasers to their store, they pressed each new customer to become a member of their society, and, as such, entitled to share in its management and in its accumulating capital. In order to secure continuous membership, they invented the device of "dividend on purchase," whereby the margin between the cost of the article and the retail selling price was returned to the purchaser himself as a sort of deferred rebate or discount on his purchases—a sum of money which each purchasing member found automatically put to his credit in the books of the society until this credit amounted to the £1 qualifying share. From the use of one room in a member's house, in which tea and other groceries were served out by enthusiastic members without remuneration, the Rochdale Pioneers became a steadily growing departmental store, employing clerks and shop assistants,

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who, though usually sons and daughters of members, were merely engaged at current wages. In those early days there was no thought of profit-sharing with the employees, for the very good reason it seemed that there were no "profits" to divide, the so-called "dividend on purchase" being merely a device for returning to the consumer the whole of what proved to have been charged in excess of the cost of retailing, and of carrying on and developing the common services rendered by the society to its members. In this indirect way the Rochdale Pioneers fulfilled Robert Owen's principle of eliminating profit and extinguishing the profit-maker.

Now, the device of dividing the margin between cost and price among customer-members, according to their purchases, has many direct and indirect advantages. One peculiar, and possibly unforeseen, result was that it established the Co-operative Movement on the broad foundation of human democracy, in which each member, whatever his holding, has one vote and one only. But it was a democracy of the customers of the store, and thus of the consumers (not the producers) of the commodities and services concerned—a democracy which was by its very nature bound to be, as it has in effect proved to be, perpetually open to newcomers, without limitation of class or sex, for the simple reason that the larger the number of customers the greater the financial prosperity. It was, however, not merely a new constitution for industrial organisation that the Rochdale Pioneers had discovered. What was

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ultimately more important was that they had tumbled, in a fit of characteristically British absent-mindedness, to an essential factor of exchange value years before the professional political economists had realised either its nature or its importance. They were, in fact, Jevonians before Stanley Jevons, in discovering *that it was in recognised "utility," or specific demand, that lay the dominating and delimiting factor of exchange value.*

Unlike the self-governing workshops and industrial partnerships, the eleven hundred co-operative stores of to-day—and their two great federations, the English and Scottish Wholesale Societies—produce, and cannot help recognising that they produce, for a known market. One of my experiences in the spring of 1889 was to watch how the quarterly meetings of the delegates from the managing committees of the stores, and the periodical "buyers' conferences" with the expert officials of the Wholesale Societies, brought together in conference, on the one hand, those who reported the wants of the customers, and, on the other, the directors and managers of the trading and productive departments which were undertaking to supply these wants. What interested me was the unself-consciousness of these co-operators, whether members or officials, about the nature of their activity. The self-governing workshop was born of a theory (or was it a sentiment?), and the whole movement of Associations of Producers has been, in one country after another, nursed and dandled by successive generations of intellectual philanthropists and

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world reformers, and even by capitalist governments. The Co-operative Movement of Great Britain, manifested in the local store and the national Wholesale Society, perhaps because it was genuinely of working-class origin, achieved without intending, grew, indeed, to maturity before there was any accurate formulation of the theory on which it was based. To organise industry from the consumption end and to place it from the start upon the basis of "production for use" instead of "production for profit," under the control and direction not of the workers as producers, but of themselves as consumers, was the outstanding discovery and practical achievement of the Rochdale Pioneers.

### **The Place of the Brain Worker in Consumers' Organisation.**

It has sometimes been urged that unless we permit the directors of industrial and commercial enterprises to extract profit out of the employment of labour and the sale of commodities, and thus roll up for themselves great fortunes, they will refuse to exert themselves to the best of their ability, and that in this way we should kill the goose that lays the golden eggs. This assumption has been proved to be untrue. In the Association of Consumers there has been discovered a system of business which renders unnecessary, and even pernicious, a large amount of the skill, energy, and brain-power at present employed in capitalist industry. How much of the genius of the great captains of industry is displayed and

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employed, not in making any article better or cheaper, but in ruining their business competitors by superior salesmanship, or in finding out some insidious method either of lowering the quality of the wares or of nibbling at the wage of the operatives ? Moreover, it is part of the difficulty to be overcome by the capitalist importer, manufacturer, or trader that he must be perpetually on guard against overstocking the market ; and no small amount of business ability is at present engaged in "controlling supply" so as to obtain, not maximum production, but a maximum profit. For all the vast amount of brain-power that is engaged in the Stock Exchanges of the world, in financial manipulations of different kinds, in "cornering" and speculation, and "rigging the market," the Consumers' Co-operative Movement has no use. The technical processes of manufacture, preparation for sale, transport, and retailing—when carried on exclusively for the common good and not for pecuniary profit—demonstrably require comparatively little of the sharp-wittedness which (merely whenever it can be used to levy a tribute on the public, irrespective of whether or not it serves any useful purpose) at present fetches so high a price in the market. When the market is known, and the whole effort of the enterprise is how best to satisfy the customers' desires, the one capacity that production and distribution demands is that of the trained scientific expert. And, as we all know, it is not the trained scientific experts of Great Britain who, under the capitalist system, reap the bulk of the pecuniary gains

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of competitive industry, but those who find themselves in a position to make the labours of these workers in physics, chemistry, and biology, on the one hand, and in factory or store management on the other, the instruments of obtaining profit on price. In a democratised industrial system the equally skilled and no less highly qualified professional administrators would take their place alongside the other scientific workers. The characteristic of cunning would be replaced by the quality of knowledge.

### **The Financial Success of Consumers' Organisation.**

In the wonderful extension of the Consumers' Co-operative Movement during the past three-quarters of a century, not only in Great Britain, but also in Germany, Austria, Belgium, France, Holland, Denmark, Sweden, Italy, and in the present century, even in Russia, it is interesting to see the verification by experience of its theoretic claims to an economic as well as a moral superiority over profit-making industry. For whatever may be the idealistic aspirations, or the public-spirited motives, of the founders and directors of a co-operative society, it is idle to pretend that any such society can secure, year in and year out, the adhesion and support of thousands of average citizens, uninspired and apathetic, unless it becomes to them a source of immediate and tangible benefit. What brings in recruits to the co-operative society and holds their loyalty to the movement is the discovery that, in

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addition to the pleasure of comradeship on equal terms in a joint enterprise, they each and all, owing to their membership, and without depriving any person of his dues, actually become individually richer. The hundred million pounds of capital of which the five million co-operators of Great Britain now share the ownership, in amounts varying from a few shillings to a few hundred pounds each, has nearly all been accumulated by them, either directly out of the dividends on their purchases, or indirectly out of savings made possible largely through those dividends, not to mention the still greater aggregate of savings which many of them have been able, by the same means, to accumulate in house property and other forms of individual investments. When it is alleged, as is often ignorantly or carelessly done, that the dividends on purchases have been provided in advance by the customers in unnecessarily high prices, it is forgotten that the retail prices charged by the co-operative societies are very strictly controlled by those charged by the profit-making shopkeepers, with whom they have so far always been in the most rigorous competition. No one who knows how closely the housewives of wage-earning families scrutinise the prices that they have to pay for their daily supplies; no one, indeed, who has ever seen how diligently the managers and committees of co-operative societies are compelled to watch every move that the shopkeeper makes to attract custom, can have any doubt that a co-operative society could not last, even for a year, if, apart from "special

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lines," now of this article or that, it sold its wares even slightly above the current retail prices for equal excellence and quality. The twenty million pounds or so of annual surplus (the so-called "profits") now made by the British Co-operative Movement, and distributed quarterly or half-yearly to its customers, represent, it is certain, a substantial saving to the members in comparison with what they would otherwise have had to pay for similar goods to the profit-making shopkeeper. The alternative explanation, that the five million co-operators are induced to deal at the "co-op." from purely idealistic motives, would, I feel, involve postulating too great a moral superiority on the part of the manual working-class over the middle-class customers of private shopkeepers.

This financial success of the Consumers' Co-operative Movement, extending now over more than three-quarters of a century, and made increasingly manifest in the valuable sites, impressive buildings, and accumulated reserve funds that it now collectively owns, has been gained in the teeth of drawbacks and difficulties that, to the ordinary business man or theoretic economist, might have seemed insuperable. Everywhere the co-operative society started without capital, without experience, without the service of specialised brains or business knowledge, and without the incentive, in its directors and managers, of making profit for themselves. However successful the enterprise grows, however greatly the sites and buildings increase in value, however complete may become the

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society's trading predominance in the town, the little knot of railwaymen or engineers, weavers or miners, by whom the society was founded and fostered, get no greater advantage than the last newcomer who puts down a shilling as an instalment of his additional share, which he takes up at par. There are in the Consumers' Co-operative Movement no "founders' shares" and no distribution of "bonus shares." No private fortune has ever been made out of co-operative administration. It was no exceptional case when J. W. T. Mitchell, who had been for over twenty years periodically elected and re-elected as chairman of the Co-operative Wholesale Society, serving what became in his hands a colossal enterprise for no more than the exiguous fees then allowed to each director for the expenses of attendance at the board meetings, died worth only a few hundred pounds, his very name unknown either to "Society" or to the politicians; rich only in the admiration and esteem with which he was regarded by hundreds of thousands of his humble fellow-members.

It is not that these co-operators have been men of exceptional ability. On the contrary, the little groups of wage-earners who have started stores in factory towns and pit villages have been, for the most part, distinctly less able than the successful shopkeepers and mill owners in their neighbourhood. They have, it is true, been men of character, and often even of moral distinction, because they have been attracted to the work not by the vision of "making money" for themselves, but by the satis-

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faction of rendering a public service. But mere nobility of character would not have sufficed. They achieved for their societies a financial success, because they adopted a system of organising industry which (besides being based on morality) proved to have a solid economic foundation.

### **The Relative Spheres of Voluntary and Obligatory Associations of Consumers.**

I have already indicated that in municipal enterprise we have another example of industries and services being deliberately organised from the stand-point of the consumer. Can we discover any general considerations pointing to a definite delimitation of the several spheres of the two forms of Associations of Consumers?

The first need of democratic self-government is a practicable constituency—that is to say, a sufficiently stable and clearly defined body of members who are able to exercise continuous control over their executive organ, and this not only with respect to policy in the abstract, but also with respect to the application of the policy from time to time prescribed by the electorate. Experience proves that the consumers of household requisites within a given neighbourhood—the housekeepers who, day by day, are in and out of the co-operative society's premises; who, hour by hour, are testing, by personal consumption, the quality of the goods supplied; who are able to attend the members' meetings and become acquainted with the candidates for representation on the governing

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bodies of the store and of the federal organisations—actually do form such a practicable constituency. On the other hand, it can hardly be suggested that the millions of persons who send letters and telegrams, or who travel or consign goods and parcels by a nationalised railway system, could be marshalled into an effective democracy for controlling the management of the post office and transport services. Similarly, the hundreds of thousands of separate individuals who travel on the tramway service of London or any other great city would constitute an impossible electoral unit for the creation of a democratic tramway authority. Further, many municipal services, like education and medical treatment, are actually used at any one time by only a small minority of the community, but are necessarily paid for by the community as a whole; whilst the interdependence of all the municipal services one with the other—of education with public health, of drainage with the water supply, of housing with transit and parks, of roads with the building regulations—would make a number of separate *ad hoc* bodies for the management of each service a cumbrous, if not an impossible, form of democracy. Moreover, there are certain services which necessarily involve not only the compulsory taxation of non-users, but also compulsory regulation, and the suppression of anti-social conduct, among all the inhabitants. Finally, there is the question of the monopoly value of certain factors, such as land or coal; and that of the common enjoyment of others, such as the roads and the

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supplies of pure water; and that of the need for taking account of future generations as well as of the present. Each of these entails the consideration of other interests besides those of any group of contemporary users or consumers of particular products and services. For all these reasons it seems that, whilst the appropriate sphere of voluntary Associations of Consumers may be vast and ever-increasing, it has its limits. We have, in fact, to fall back, for the remainder of the local administration, on obligatory associations of the inhabitants of particular geographical areas.

For the conduct of the supply of commodities and services for the consumption or use of the inhabitants of particular areas, in those branches of production for which the voluntary Association of Consumers does not afford a practicable constituency, resort has been had, all over the world, increasingly to the municipality or other form of Local Government. This, as we may note, has the advantage over the co-operative society of being provided with a definitely prescribed and known electorate. It has also a legally determined and stable area of operations, so that no inhabitant can be under any doubt or uncertainty as to which unit he belongs to—a fixity which is economically advantageous in some respects, but disadvantageous in others. It is a drawback to a municipal authority that its area may not have been defined with any consideration of what is the most efficient area of administration for the functions which come to be entrusted to it, and that there is

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great difficulty in getting old boundaries changed; whilst the fact that the same area has to be adopted for all the services of each municipality almost necessarily involves the unit of administration being relatively inefficient with regard to some of them. The voluntary Association of Consumers, like the private capitalist, is free to extend in whatever direction it finds customers. On the other hand, a fixed geographical unit is advantageous for the election of representatives and the levying of taxation. Moreover, the suppression of nuisances, the enforcement of universal schooling, and the general convenience of making some services free (which involves payment by compulsory levies irrespective of the use of such services) seem to require an association not of consumers, but of citizens, adhesion to which cannot be left merely optional. Whenever a legal monopoly of any service or obligatory taxation or compulsory regulation of personal conduct is involved, it is necessary, alike for protecting against improper aggression the personal liberty of individuals or minorities, and for securing the enforcement, in the interests of the community as a whole, of the prescribed national minimum of civilised life, that there should be a legally authorised (and therefore not easily altered) constitutional framework, with definitely specified powers and functions, exercisable in prescribed areas, which can be interpreted in the law courts and universally enforced. However inconvenient may be this comparatively rigid framework—in the present virtual paralysis of Parliamentary

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government one of the gravest drawbacks to British municipal administration—I do not see how it would be possible to endow obligatory associations of citizens with the freedom and elasticity of co-operative societies without leading either to injustice and oppression or to endless litigation.

There is, I know, an idea among some co-operators that Co-operation might “get the best of both worlds”; might retain all the freedom and elasticity of voluntary association, and at the same time enjoy the advantages of universality of membership and compulsory powers. “If only every man and woman would belong to the co-operative society,” it is asked, “why should not the society carry on all the municipal services?” Some might say, even all the national services—“the unremunerative and the obligatory, as well as the profitable and the optional, at the dictates and for the benefit of a membership that would be then co-extensive with the adult population?” But this is to beg the question. Without compulsion there would not, as human beings are, ever be universality, especially in an organisation that would necessarily be levying compulsory taxation and enforcing an obligatory regulation of personal conduct on its members. However great might be the other advantages of the organisation, there would always be a certain proportion of individuals desiring, from independence or negligence, or even from political or religious fanaticism, to escape some particular prescription, who would abstain from (or refuse to belong to) what would still purport to be a

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voluntary organisation. Such vagueness of thought, with its mutually inconsistent aspirations, is an intellectual weakness from which co-operators would do well to free themselves. Neither universality of membership, nor legally compulsory powers, can ever be the attributes of voluntary association.

### **The Sphere of Voluntary Associations of Consumers.**

How far may voluntary Associations of Consumers expect to be able to extend their work? I need do no more than mention the present absence of the Consumers' Co-operative Organisation in certain areas of the United Kingdom, and the limited range of its services in many areas in which it exists. This is likely to be only a temporary incompleteness. A more significant shortcoming of the Consumers' Co-operative Movement, and one which I do not think can be remedied merely by propaganda of the advantages of the co-operative society, is its apparent inability to include in its membership certain distinctive strata of the population. It is principally to this practical limitation of the sphere of the co-operative movement that is to be ascribed the fact that, in spite of the existence of well-organised and powerful co-operative societies, whole sections of the Metropolitan population, as also of Edinburgh and Glasgow, Manchester and Liverpool, still remain "co-operative deserts," with the smallest possible connection with any co-operative society. At present the co-operative movement secures the membership neither of the most

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indigent nor of the wealthy. The very considerable number of men and women ever on the borders of destitution, living, in no small part, on the broken victuals and cast-off clothing of those from whom they receive alms; the vast army of the casually employed, especially at the ports; even the men and women existing on the exiguous incomes of the lowest ranks of urban labour find themselves for the most part—principally owing to the strain upon character that the irregularity rather than the paucity of their income involves—practically unable to take advantage of co-operative membership. At the other end of the scale are the households of the wealthy, and even those of the professional classes, who, largely under the influence of class prejudice, do not care to put up with the less individual service dominated by the needs of artisan families, and are not tempted by what seems to them its petty economies. We are here face to face with practical limits to the sphere of voluntary Associations of Consumers which are neither necessary nor eternal. With the progressive levelling-up and increasing regularity of the lowest incomes—already in course of being effected under the still only half-understood policy of the national minimum—and the steady scaling down of the higher incomes by progressive taxation and the gradual shrinking-up of the opportunities for private profit-making, which will characterise our progress towards the co-operative commonwealth, the potential membership of the co-operative societies will tend steadily to become more and more nearly co-extensive with the

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whole adult population, even before such societies can provide for all the varied wants of so diversified a membership. But no question of quality or refinement need long stand in the way. The co-operative movement could provide whatever kind or quality of commodities and whatever refinement of service any section of its membership for the time being required; and with a progressive diffusion among all families of the essentials of a civilised life, with an ever greater commonalty of education, and, be it added, with the growth of good manners among the relatively rich, we may expect to see co-operative membership eventually becoming as universal as the use of the post office.

The question arises how far the sphere of the co-operative societies might extend, not in the distribution of commodities for domestic use, to which there need be no necessary limit, but also in the extraction of raw materials, the conduct of agriculture, the manufacture of the commodities needed by the households of every class, their importation from other countries, and the performance of various personal services—all of which are now being successfully undertaken, here and there, by British co-operative societies, though in most cases only to a relatively small extent, for the supply of the needs of their own membership.

A practical limitation is placed upon co-operative manufacture by the need of having the most economical unit of production. There is at present much that the co-operative movement sells but does

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not itself manufacture, merely because its membership consumes too small a proportion of the output to enable it to produce that fraction as cheaply as the manufacturers who supply the whole market. With every approach towards universality of membership and complete loyalty of the members to the movement, this limitation, as the actual experience of the past quarter of a century abundantly demonstrated, is to a great extent removed. On the other side is the limit set, as it seems, by the superior efficiency of the individual producer over any large-scale enterprise. We see this in peasant agriculture—at any rate, in the olive and the vine. We recognise it in the work of the artist in every sphere. The independent practitioner, “on his own,” calling no man master, but serving a succession of customers, will always have his exceptional sphere.

### International Trade.

But what about the export trade? The friends, as well as the critics, of the co-operative movement are always pointing out that the very origin and purpose of Associations of Consumers is production for the use of their own members, and not for sale to outsiders at a profit; and it is to this all-important characteristic that they owe alike their practical success and their theoretical justification. It was one of the unforeseen developments of the war that it made students realise that democracies of consumers, far from being limited to trade within their respective countries, may be found to furnish the solution of

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the problem of how to conduct international trade independently either of the profit-making importer or exporter, or of both of them. Already before the war, the Co-operative Wholesale Societies of half a dozen countries, besides themselves obtaining directly from abroad an increasing part of the supplies that they severally required, had begun to exchange with each other their surplus products, or those for the production of which they possessed exceptional advantages. This international co-operative exchange has, in the past decade, steadily increased. This development may well transfer from the private merchant the whole international supply of the commodities consumed by the constantly growing co-operative membership of the world, which already counts something like fifty million families.

### **The Future of Consumers' Co-operation.**

The Consumers' Co-operative Movement in Great Britain, which I have sought to describe in this rapid survey of the place of the consumer in the organisation of the production and distribution of commodities and services was for the first half-century of its development from the Toad Lane store at Rochdale ignored by the newspapers, unsuspected by Parliament, barely noticed by the professors of political economy, unmentioned in the contemporary memoirs and diaries of the leaders of society, and not even alluded to in the biographies of such political personages as Cobden and Bright, Gladstone and Disraeli, or in the speeches of Salisbury and Chamberlain. A century

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hence, I am inclined to predict, school text-books and learned treatises will give more space to consumers' co-operation, its constitution and ramifications, than to the rise and fall of political parties or the personalities of successive Prime Ministers. For, unless I completely misinterpret the irresistible ground-swell of British democracy, it is this consumers' co-operation, in its twofold form of voluntary association of members (in what we now know as the co-operative society) and obligatory association of citizens (in the economic enterprises of national as well as Local Government) —all of them in organic connection with an equally ubiquitous organisation of the producers by hand or by brain (in trade unions and professional associations) which will constitute the greater part of the social order of a hundred years hence.

"War on Ignorance."

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